

EZINQOLENI MUNICIPALITY
Balance sheet as at 30 June 2007

13

	Note	2 007	2 006
		R	R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		4 442 269	4 734 847
Accumulated funds	1	0	0
Reserves	2	4 442 269	4 734 847
RETAINED (DEFICIT) SURPLUS		-6 531 816	-3 922 222
LONG TERM LIABILITIES	3	593 575	369 550
		<u>-1 479 332</u>	<u>1 182 174</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	751 395	471 073
INVESTMENTS	5	0	0
LONG TERM DEBTORS	6	0	0
		<u>751 395</u>	<u>471 073</u>
NET CURRENT ASSETS		-2 281 982	711 101
CURRENT ASSETS		18 640	1 282 964
Inventory	7	0	0
Debtors and Deposits	8	2 000	28 211
Short Term Call Deposit		0	0
Cash and Bank	19		1 254 754
CURRENT LIABILITIES		2 300 622	571 863
Provisions	9	437 156	235 151
Creditors and Deposits	10	407 558	231 622
Bank overdraft	19	1 246 833	0
Loans : short term portion	3	157 820	105 090
		<u>-1 479 332</u>	<u>1 182 174</u>

S M NSUSHA
ACTING MUNICIPAL MANAGER
Date:

V SOTSHEDE
CHIEF FINANCIAL OFFICER
Date:

QUALIFICATION : B Com (Accounting) Hons
EXPERIENCE : One Year

EZINQOLENI MUNICIPALITY

Cash Flow Statement for the year ended 30 June 2007

15

	Note	2 007	2 006
		R	R
CASH RETAINED FROM (UTILISED BY) OPERATING ACTIVITIES:		0	-3 806 218
Cash generated from (utilised by) operations	14	-2 464 606	-4 604 051
Investment income		6 774	3 901
(Increase)/decrease in working capital	15	185 507	810 612
		-2 272 325	-3 789 537
Less : External interest paid		-106 416	-16 681
: External redemption		-119 280	
Cash available from (utilised by) operations		-	-16 681
Net cash contributed from the public and State		0	0
Net proceeds on disposal of fixed assets		0	0
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		-280 322	-2 486 317
NET CASH INFLOW (OUTFLOW)		-2 778 343	-6 292 535
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase/(decrease) loans	16	276 754	474 640
(Increase)/decrease in cash investments	17	0	4 583 812
(Increase)/decrease in bank	18	2 501 589	1 234 082
(Increase)/decrease in long term debtors		0	0
		2 778 343	6 292 534

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2 007 2 006

1.ACCUMULATED FUNDS

	R	R
Capital Development Fund	0	0
Loan Redemption Fund	0	0
Renewals Fund	0	0
Capital Reserve Fund	0	0

Total accumulated funds

(Refer to appendix A for more detail)

2.RESERVES

Reserves consist of :

Violence Damaged Houses Grant	274 865	274 865
Governance Grant	162 011	162 011
Integrated Development Plan Grant	166 240	195 336
Interim IDP Grant	162 640	162 640
Local Government Transition Fund	917 811	917 811
Municipal Structures Improvement Grant	785	785
Municipal Capacity Support Grant	189 638	191 009
Establishment Grant	66 590	236 590
Municipal Assistance Programme Grant (MAP)	508 208	1 123 123
Planning Support Grant	77 064	77 064
Rates Clearance	0	0
Municipal GIS Programme Grant	102 989	113 469
Municipal Systems Improvement Grant	160 728	160 728
MFMA Implementation Grant	74 539	106 319
Capacity Building Mechanism Grant	406 979	406 979
Local Government Finance Management Grant	982 512	424 507
MIG	81 959	75 000
Homeowners Ploughing Assistance Programme	23 660	23 660
CDW Grant	70 234	70 234
Ezinqoleni Library Grant	12 717	12 717

4 442 269 4 734 847

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2 007 2 006

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Lease Commitments
Annuity loans
Short term loans
Local registered stock

751 395	474 640
0	0
0	0
0	0

Less : Current portion transferred to
Current liabilities

157 820 105 090

Lease Commitments
Annuity loans
Short term loans
Local registered stock

157 820	105 090
0	0
0	0
0	0

593 575 369 550

4. FIXED ASSETS

Fixed assets at the beginning of the year
Capital expenditure during the year
Less : Assets written off, transferred or disposed of
during the year Prior year adjustments: See Appendix C

6 268 484	3 950 225
2 402 249	2 486 317
221 547	168 058

Less : Loans Redeemed and Other Capital Receipts

8 892 280	6 268 484
8 140 885	-5 797 411

751 395 471 073

5. INVESTMENTS

Fixed deposits and call accounts

0 0

Average rate of return on gross investments.

0 0

No investments have been written off during the year.

EZINQOLENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

18

2 007 2 006

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6. LONG TERM DEBTORS

There are no long term debtors.

0 0

7. INVENTORY

The municipality carries no inventory.

8. DEBTORS & DEPOSITSSundry Debtors
Deposits Held2 000 28 211
0 0

Less : Provision for Doubtful Debts

2 000 28 211
0 0

2 000 28 211

9. PROVISIONSLeave provision
Audit fee provision437 156 235 151
0 0

437 156 235 151

10. CREDITORSTrade creditors
Other0 0
407 558 231 622

407 558 231 622

11. AUDITORS REMUNERATION

Audit fees

271 840 251 983

EZINQOLENI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

19

2 007 2 006

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12. FINANCE TRANSACTIONS

Total interest earned or paid:

Interest earned

Interest paid

6 775 3 901
0 0

Capital charges debited to operating account:

Interest : External

Internal

Redemption : External

Internal

106 416 16 681
0 0
119 281 50 182
0 0

225 697 66 863

13. APPROPRIATIONS**Appropriation account**

Accumulated surplus at the beginning of the year

Operating (deficit)/surplus for the year

Appropriations for the year :

Prior year adjustments

Contribution to fixed assets

Contribution to capital development fund

-3 922 222 3 627 925
-2 674 219 -5 172 418
64 624 -1 659 05064 624 -1 659 050
0 0
0 0

-6 531 817 -3 203 543

Operating account

Audit fee provision

Doubtful debt provision

Leave reserve

Loan redemption fund

0 0
0 0
437 156 235 151
0 0

437 156 235 151

13.1 PRIOR YEAR ADJUSTMENTS

Prior years input Vat claim disallowed by SARS

2004/2005 Finance Management Grant

Adjustment in respect of: Previous years' operating transactions

0 1 409 050
0 250 000
64 624 0

64 624 1 659 050

EZINQOLENI MUNICIPALITY

20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2 007	2 006
	R	R
14. CASH GENERATED BY OPERATIONS		
(Deficit)/surplus for the year	-2 674 219	-5 172 418
Adjustments in respect of:		
Previous years' operating transactions	64 624	-1 409 050
Appropriations charged against income:	-292 578	1 914 455
Loan redemption fund	0	0
Fixed assets	0	1 910 062
Provisions and reserves	-292 578	4 393
Leave Reserve	202 005	
Capital charges:		
Interest paid		
on external funds	106 416	16 681
to internal funds	0	0
Redemption:	119 280	50 182
of external loans	0	0
of internal advances	0	0
Investment income	-6 774	-3 901
Non operating expenditure		
Expenditure charged against provisions and reserves	0	
	<u>-2 464 606</u>	<u>-4 604 051</u>
15. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in Inventory	0	0
(Increase)/decrease in debtors	26 211	1 482 871
Increase/(decrease) in creditors	175 936	-672 259
	<u>202 147</u>	<u>810 612</u>
16. INCREASE/(DECREASE) IN LOANS (EXTERNAL)		
Loans raised	870 675	639 459
Loans repaid	-119 280	-164 819
	<u>751 395</u>	<u>474 640</u>
17. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investments realised	0	4 583 812
Investments made	0	
	<u>0</u>	<u>4 583 812</u>

EZINQOLENI MUNICIPALITY

Notes to the Financial Statements for the year ended 30 June 2007

21

2 007 2 006

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18. (INCREASE)/DECREASE IN BANK

Cash balance at the beginning of the year
 Less : Cash balance at the end of the year

-1 254 754 2 488 836
 -1 246 835 -1 254 754

-2 501 589 1 234 082

19. COUNCIL'S GENERAL

Speaker
 Mayor
 Deputy Mayor
 Executive Committee
 Councillors

0 0
 385 000 134 244
 0 0
 0 0
 1 288 589 253 796

1 673 589 388 040

20. GRANT EXPENDITURE

Grant expenditure consists of :

Violence Damaged Houses Grant
 Governance Grant
 Burial Assistance Grant
 Integrated Development Plan Grant
 Interim IDP Grant
 Local Government Transition Fund
 Municipal Structures Improvement Grant
 Municipal Capacity Support Grant
 Establishment Grant
 Transitional Grant - Free Basic Services
 Municipal Assistance Programme Grant (MAP)
 Planning Support Grant
 Rates Clearance
 Municipal GIS Programme Grant
 Municipal Systems Improvement Grant
 MFMA Implementation Grant
 Capacity Building Mechanism Grant
 Local Government Finance Management Grant
 MIG
 Homeowners Ploughing Assistance Programme
 CDW Grant
 Ezinqoleni Library Grant
 Low Cost Housing

162 013 27 000
 0
 0
 29 095 47 250
 0 3 580
 0 84 370
 4 788 4 788
 1 371 117 933
 170 000 5 225
 0 0
 614 916 576 877
 96 000 96 000
 157 157
 10 479 96 531
 0 0
 31 680 38 681
 23 735 24 046
 191 996 75 493
 2 359 955 0
 0 18 007
 0 1 766
 0 70 683
 0 145 500

3 696 185 1 433 887

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

22

2 007 2 006
R R

21. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

The municipality terminated the employment contract of the suspended Municipal Manager on 14 July 2006. It is highly probable that the termination may be challenged; the estimated cost of which could not be quantified at reporting date.

22. CAPITAL COMMITMENTS

Minimum lease payments due within one year		157 820	138 554
Minimum lease payments due between one and five years		593 576	490 291
Total	<u>0</u>	Total 751 396	628 845

23. CAPITAL DEVELOPMENT FUND

The municipality presently does not contribute towards a Capital Development Fund.

24. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year under review.

ACCUMULATED FUNDS, RESERVES AND PROVISIONS

APPENDIX B

24

	Balance at 30/06/2006	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 30/06/2007
	R	R	R	R	R	R
ACCUMULATED FUNDS						
Capital Development Fund	0	0	0	0	0	0
Loan Redemption Fund	0	0	0	0	0	0
Renewals Fund	0	0	0	0	0	0
Capital Reserve Fund	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PROVISIONS						
Audit fee provision	0	0	0	0	0	0
Doubtful debt provision	0	0	0	0	0	0
Leave provision	<u>235 151</u>	<u>202 005</u>	<u>0</u>	<u>0</u>		<u>437 156</u>
	<u>235 151</u>	<u>202 005</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>437 156</u>

EXTERNAL LOANS AND INTERNAL ADVANCES

23
APPENDIX A

	Interest rate	Loan number	Redeemable	Loan authority expires	Balance at 30/06/2006	ADJUSTMENT	RESTATED BALANCE	Received during the year	Redeemed or written off during the year	Balance at 30/06/2007
					R	R	R	R	R	R
EXTERNAL LOANS										
Lease Commitments										
	%									
WesBank	Prime less 1%	DZD22422W	Monthly	18-08-2010	181 122	35 596	145 526	0	28 906	116 620
WesBank	Prime less 1%	DZD22423T	Monthly	18-08-2010	181 122	35 596	145 526	0	28 906	116 620
Toyota Financial Services	15 293	86109605747	Monthly	22-06-2011	266 602	81 998	184 604	0	24 107	160 497
Toyota Financial Services	14 838	86110022328	Monthly	31-10-2012	0	0	0	119 506	11 323	108 183
Toyota Financial Services	14 871	86110028380	Monthly	31-10-2012	0	0	0	109 076	10 326	98 750
Toyota Financial Services	14,95	86110022150	Monthly	31-10-2012	0	0	0	89 845	8 489	81 356
Toyota Financial Services	15 027	86110023660	Monthly	31-10-2012	0	0	0	76 593	7 223	69 370
					628 846			395 020	119 280	751 396
Annuity loan										
					0			0	0	0
					628 846			395 020	119 280	751 396

(Refer to note 3)

EZINQOLENI MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

14

2 006	2 006	2 006	Note	2 007	2 007	2 007	2006
Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
<u>11 468 243</u>	<u>16 640 659</u>	-5 172 416	GENERAL SERVICES	<u>12 106 479</u>	<u>14 780 698</u>	-2 674 219	<u>0</u>
		-1 659 050	Appropriations for the year			64 624	
		-6 831 466	Net surplus/(deficit) for the year			-2 609 595	
		-718 680	Transfer (to) from Reserves			0	
		<u>3 627 925</u>	Accumulated surplus/(deficit) beginning of year			<u>-3 922 221</u>	
		<u>-3 922 221</u>	ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR			<u>-6 531 816</u>	

EZINQOLENI MUNICIPALITY
Income Statement for the year ended 30 June 2007

2 006	2 006	2 006	Note	2 007	2 007	2 007	2006
Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
GENERAL SERVICES							
<u>11 468 242</u>	<u>16 640 660</u>	-5 172 418	General	<u>12 106 479</u>	<u>14 780 698</u>	-2 674 219	<u>0</u>
		-1 659 050	Appropriations for the year			64 624	
		-6 831 467	Net surplus/(deficit) for the year			-2 609 595	
		-718 680	Transfer (to) from Reserves				
		<u>3 627 925</u>	Accumulated surplus/(deficit) beginning of year			<u>-3 922 221</u>	
		<u>-3 922 222</u>	ACCUMULATED SURPLUS/(DEFICIT) AT END OF THE YEAR			<u>-6 531 816</u>	

EZINQOLENI MUNICIPALITY

25

ANALYSIS OF FIXED ASSETS

APPENDIX C

Expenditure 2005	Budget 2 007	Balance at 30/06/2006	PRIOR YEAR ADJUST MENTS	Expenditure 2 007	Written off transferred redeemed or disposed of during the year	Balance at 30/06/2007
R	R	R	R	R	R	R
GENERAL SERVICES						
117 233 General		6 268 484	221 547	2 402 249	0	8 892 280
117 233 TOTAL FIXED ASSETS		6 268 484	221 547	2 402 249	0	8 892 280
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS						
		5 797 411	-178 055	2 521 529	0	8 140 885
Loans redeemed and advances paid		105 182	-66 458	119 280	0	158 004
Contributions ex operating income		0	0	42 294	0	42 294
Grants and Subsidies		5 692 229	-111 597	2 359 955	0	7 940 587
Contributions from Local Authority		0		0	0	0
NET FIXED ASSETS		471 073	399 602	-119 280	0	751 395

EZINQOLENI MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2007

26

APPENDIX D

2 006		2 007		2 007	
Actual		Actual		Budget	
R		R		R	
INCOME					
11 315 512	Grants and Subsidies	10 489 723		14 625 032	
0	Rental Income	700		9 600	
85 829	Sundry Income	34 167		0	
63 000	Traffic Fines	1 177 789		120 000	
	Learners Applications	397 325		312 000	
<u>3 901</u>	Investment income	<u>6 775</u>		<u>-</u>	-
<u>11 468 243</u>		<u>12 106 479</u>		<u>15 066 632</u>	-
EXPENDITURE					
4 170 367	Salaries, wages and allowances	7 534 335		7 621 268	
3 102 142	General expenses	6 554 086		6 520 357	
151 430	Repairs and maintenance	222 282		385 000	
388 040	Council's general		21		
1 433 887	Grant expenditure		22		
5 439 885	Project expenditure				
66 863	Capital charges	225 696	12	180 000	
1 723 754	Contributions to fixed assets	42 294		111 807	
164 291	Contributions to leave pay	202 005		248 200	-
<u>16 640 659</u>		<u>14 780 698</u>		<u>15 066 632</u>	-
<u>-5 172 416</u>	NET SURPLUS (DEFICIT) FOR THE YEAR	<u>-2 674 219</u>		<u>0</u>	